Xcel Energy

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May 9, 2003

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DIV. OF WATER, COMPLIANCE AND CONS...

Dear Ms. Engelke:

Enclosed you will find revised pages to Northern States Power Company Wisconsin's 2002 Annual Reports which was filed with the Public Service Commission of Wisconsin on April 1, 2003.

Revisions have been made to the following pages:
FERC Pages:

- Notes to Financial Statements
- Statements of Accumulated Comprehensive Income, Comprehensive Income, and Hedging Activities
- Purchased Power

PSCW Pages:

- Particulars Concerning Certain Income Deductions and Interest Charges Accounts

We apologize for the inconvenience. Should you have any questions, please contact me at 715-839-2417.

Sincerely,

Karen Everson

Karen Everson

Enclosure

Name of Respondent	This Report Is:	Date of Report	Year of Report
Northern States Power Company (Wisconsin)	(1) [X] An Original (2) [ ] A Resubmission	03/27/2003	Dec. 31, 2002

NOTES TO FINANCIAL STATEMENTS

1. Use the space below for important notes regarding the Balance Sheet, Statement of Income for the year, Statement of Retained Earnings for the year, and Statement of Cash Flows, or any account thereof. Classify the notes according to each basic statement, providing a subheading for each statement except where a note is applicable to more than one statement.
2. Furnish particulars (details) as to any significant contingent assets or liabilities existing at end of year, including a brief explanation of any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or of a claim for refund of income taxes of a material amount initiated by the utility. Give also a brief explanation of any dividends in arrears on cumulative preferred stock.
3. For Account 116, Utility Plant Adjustments, explain the origin of such amount, debits and credits during the year, and plan of disposition contemplated, giving references to Cormmission orders or other authorizations respecting classification of amounts as plant adjustments and requirements as to disposition thereof.
4. Where Accounts 189, Unamortized Loss on Reacquired Debt, and 257, Unamortized Gain on Reacquired Debt, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 17 of the Uniform System of Accounts.
5. Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.
6. If the notes to financial statements relating to the respondent company appearing in the annual report to the stockholders are applicable and furnish the data required by instructions above and on pages 114-121, such notes may be included herein.

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SEE PAGE 123 FOR REQUIRED INFORMATION.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Merger and Basis of Presentation — On Aug. 18, 2000, Northern States Power Co. (NSP) and New Century Energy, Inc. (NCE) merged and formed Xcel Energy, Inc. Each share of NCE common stock was exchanged for 1.55 shares of Xcel Energy common stock. NSP shares became Xcel Energy shares on a one-for-one basis. Cash was paid in lieu of any fractional shares of Xcel Energy common stock. The merger was structured as a tax-free, stock-for-stock exchange for shareholders of both companies (except for fractional shares) and accounted for as a pooling-of-interests. At the time of the merger, Xcel Energy registered as a holding company under the PUHCA.

Pursuant to the merger agreement, NCE was merged with and into NSP. NSP, as the surviving legal corporation, changed its name to Xcel Energy. Also, as part of the merger, NSP transferred its existing utility operations that were being conducted directly by NSP at the parent company level to a newly formed wholly owned subsidiary of Xcel Energy, which was renamed NSP-Minnesota.

Consistent with pooling accounting requirements, results and disclosures for all periods prior to the merger have been restated for consistent reporting with post-merger organization and operations.

Business and System of Accounts — NSP-Wisconsin was incorporated in 1901 under the laws of Wisconsin. NSP-Wisconsin, a wholly owned subsidiary of Xcel Energy, is an operating utility engaged in the generation, transmission and distribution of electricity to approximately 230,000 retail customers in northwestern Wisconsin and in the western portion of the Upper Peninsula of Michigan. NSP-Wisconsin is also engaged in the distribution and sale of natural gas in the same service territory to approximately 90,000 customers in Wisconsin and Michigan.

NSP-Wisconsin owns the following direct subsidiaries: Chippewa and Flambeau Improvement Company, which operates hydro reserves; Clearwater Investments Inc., which owns interests in affordable housing; and NSP Lands, Inc., which holds real estate.

NSP-Wisconsin is subject to regulation by the Federal Energy Regulatory Commission (FERC), the Public Service Commission of Wisconsin (PSCW), and the Michigan Public Service Commission (MPSC). All of the utility companies' accounting records conform to the FERC uniform system of accounts or to systems required by state regulatory commissions, which are the same in all material aspects.

Basis of accounting – The accompanying financial statements were prepared in accordance with the accounting requirements of the Federal Energy Regulatory Commission (FERC) as set forth in the Uniform System of Accounts and published accounting releases, which is a comprehensive basis of accounting other than Generally Accepted Accounting Principles (GAAP). As required by the FERC, NSP-Wisconsin accounts for its investment in majority-owned subsidiaries using the equity method rather than by consolidating their assets, liabilities, revenues, and expenses as required by GAAP. Deferred taxes are shown as long term assets and liabilities at their gross amounts in the FERC presentation, as opposed to their GAAP presentation as net current assets and liabilities. If GAAP were followed, these 2002 financial statement lines would have greater/smaller values of:

Net utility plant.....$	2,147,000
Current assets.....	(285,000)
Current liabilities.....	46,918,000
Other long-term assets.....	(6,939,000)
Long-term debt and other long-term liabilities.....	(63,957,000)
Operating revenues.....	(213,000)
Operating expenses.....	(36,023,000)
Other income and deductions.....	1,854,000
Cash provided by operating activities.....	9,767,000
Cash provided by investing activities.....	(12,974,000)

Cash provided by financing activities.. 3,209,000

Principles of Consolidation — NSP-Wisconsin uses the equity method of accounting for its investments in subsidiaries and records its portion of earnings from such investments after subtracting income taxes. Chippewa and Flambeau Improvement Company is 75.86 percent owned; NSP Lands, Inc. is 100 percent owned; and Clearwater Investments, Inc. is 100 percent owned. The impact of consolidating these subsidiaries would be immaterial.

Revenue Recognition — Revenues related to the sale of energy are generally recorded when service is rendered or energy is delivered to customers. However, the determination of the energy sales to individual customers is based of the reading of their meter, which occurs on a systematic basis throughout the month. At the end of each month, amounts of energy delivered to customers since the date of the last meter reading are estimated and the corresponding unbilled revenue is estimated.

NSP-Wisconsin has various rate adjustment mechanisms in place that currently provide for the recovery of certain purchased natural gas and electric energy costs. These cost adjustment tariffs may increase or decrease the level of costs recovered through base rates and are revised periodically, as prescribed by the appropriate regulatory agencies, for any difference between the total amount collected under the clauses and the recoverable costs incurred.

NSP-Wisconsin's rates include a cost-of-energy adjustment clause for purchased natural gas, but not for purchased electricity or electric fuel. NSP-Wisconsin can request recovery of those electric costs prospectively through the rate review process, which normally occurs every two years, and an interim fuel-cost hearing process.

Property, Plant, Equipment and Depreciation — Property, plant and equipment is stated at original cost. The cost of plant includes direct labor and materials, contracted work, overhead costs and applicable interest expense. The cost of plant retired, plus net removal cost is charged to accumulated depreciation and amortization. Significant additions or improvements extending asset lives are capitalized, while repairs and maintenance are charged to expense as incurred. Maintenance and replacement of items determined to be less than units of property are charged to operating expenses.

NSP-Wisconsin determines the depreciation of their plant by using the straight-line method, which spreads the original cost equally over the plant's useful life. Depreciation expense for NSP-Wisconsin, expressed as a percentage of average depreciable property, for the years ended December 31, is listed in the following table:

	2002	2001
NSP-Wisconsin	3.3%	3.1%

Allowance for Funds Used During Construction (AFDC) and Capitalized Interest — AFDC, a noncash item, represents the cost of capital used to finance utility construction activity. AFDC is computed by applying a composite pretax rate to qualified construction work in progress. The amount of AFDC capitalized as a utility construction cost is credited to other income and deductions (for equity capital) and interest charges (for debt capital). AFDC amounts capitalized are included in NSP-Wisconsin's rate base for establishing utility service rates. Interest capitalized as AFDC for NSP-Wisconsin is listed in the following table:

	2002	2001
	(Millions of dollars)	
NSP-Wisconsin	$ 0.4	$ 1.1

Environmental Costs — We record environmental costs when it is probable we are liable for the costs and we can reasonably estimate the liability. We may defer costs as a regulatory asset based on our expectation that we will recover these costs from customers in future rates. Otherwise, we expense the costs. If an environmental expense is related to facilities we currently use, such as pollution-control equipment, we capitalize and depreciate the costs over the life of the plant, assuming the costs are recoverable in future rates or future cash flow.

We record estimated remediation costs, excluding inflationary increases and possible reductions for insurance coverage and rate recovery. The estimates are based on our experience, our assessment of the current situation and the technology currently available for use in the remediation. We regularly adjust the recorded costs as we revise estimates and as remediation proceeds. If we are one of several designated responsible parties, we estimate and record only our share of the cost. We treat any future costs of restoring sites where operation may extend indefinitely as a capitalized cost of plant retirement. The depreciation expense levels we can recover in rates include a provision for these estimated removal costs.

Income Taxes — NSP-Wisconsin files consolidated federal (as part of Xcel Energy) and separate state income tax returns. Income taxes from the consolidated federal return are allocated to NSP-Wisconsin based on separate company computations of taxable income or loss. In accordance with the PUHCA requirements, the holding company also allocates its own net income tax benefits to its direct subsidiaries, with NSP-Wisconsin being one of the direct subsidiaries, based on the positive taxable income of each company in the consolidated federal or combined state returns. NSP-Wisconsin defers income taxes for all temporary differences between pretax financial and taxable income, and between the book and tax bases of assets and liabilities. We use the tax rates that are scheduled to be in effect when the temporary differences are expected to turn around, or reverse.

Due to the effects of past regulatory practices, when deferred taxes were not required to be recorded, we account for the reversal of some temporary differences as current income tax expense. We defer investment tax credits and spread their benefits over the estimated lives of the related property. Utility rate regulation also has created certain regulatory assets and liabilities related to income taxes. For more information on income taxes, see Note 5 to the Financial Statements.

Derivative Financial Instruments — On Jan. 1, 2001, NSP-Wisconsin adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activity," as amended by SFAS No. 137 and SFAS No. 138 (collectively referred to as SFAS No. 133). For more information on the impact of SFAS No. 133, see Notes 7 and 8 to the Financial Statements.

Use of Estimates — In recording transactions and balances resulting from business operations, NSP-Wisconsin uses estimates based on the best information available. We use estimates for such items as plant depreciable lives, tax provisions, uncollectible amounts, environmental costs, unbilled revenues and actuarially determined benefit costs. We revise the recorded estimates when we get better information or when we can determine actual amounts. Those revisions can affect operating results. Each year we also review the depreciable lives of certain plant assets and revise them, if appropriate.

Cash Items — NSP-Wisconsin considers investments with a remaining maturity of three months or less at the time of purchase to be cash equivalents. Excess funds are invested primarily in money market funds. NSP-Wisconsin had $0 of temporary cash investments at Dec. 31, 2002 and 2001.

Inventory — All inventories are recorded at average cost.

Regulatory Accounting — NSP-Wisconsin accounts for certain income and expense items using SFAS No. 71. Under SFAS No. 71:

- we defer certain costs, which would otherwise be charged to expense, as regulatory assets based on our expected ability to recover them in future rates; and

- we defer certain credits, which would otherwise be reflected as income, as regulatory liabilities based on our expectation they will be returned to customers in future rates.

We base our estimates of recovering deferred costs and returning deferred credits on specific ratemaking decisions or precedent for each item. We amortize regulatory assets and liabilities consistent with the period of expected regulatory treatment. Pages 232 and 278 describe in more detail the nature and amounts of these regulatory deferrals.

Intangible Assets and Deferred Financing Costs — Effective Jan. 1, 2002, NSP-Wisconsin implemented SFAS No. 142, "Goodwill and Other Intangible Assets," which requires different accounting for intangible assets as compared to goodwill. Intangible assets are amortized over their economic useful life and reviewed for impairment in accordance with SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of." Goodwill is no longer amortized after adoption of SFAS No. 142. Non-amortized intangible assets and goodwill are tested for impairment annually and on an interim basis if an event or circumstance occurs between annual tests that might reduce the fair value of that asset.

NSP-Wisconsin has an immaterial amount of unamortized intangible assets and no amounts of goodwill as of Dec. 31, 2002 and 2001.

Other assets include deferred financing costs, which we are amortizing over the remaining maturity periods of the related debt. NSP-Wisconsin's deferred financing costs, net of amortization at Dec. 31, is listed in the following table:

	2002	2001
	(Millions of dollars)	
NSP-Wisconsin	$ 1.7	$ 1.9

2. Special Charges

2002 and 2001 — Restaffing — During the fourth quarter of 2001, Xcel Energy expensed pretax special charges of $39 million for expected staff consolidation costs for an estimated 500 employees in several utility operating and corporate support areas of Xcel Energy. Approximately $36 million of these restaffing costs were allocated to Xcel Energy's utility subsidiaries consistent with service company cost allocation methodologies utilized under the requirements of the PUHCA. In the first quarter of 2002, the identification of affected employees was completed and additional pretax special charges of $9 million were expensed for the final costs of staff consolidations. Approximately $6 million of these restaffing costs were allocated to Xcel Energy's utility subsidiaries. All 564 of accrued staff terminations have occurred. See the summary of costs for NSP-Wisconsin below.

2000 — Merger Costs — Upon consummation of the merger in 2000, Xcel Energy expensed pretax special charges related to its regulated operations totaling $199 million. During 2000, an allocation of approximately $188 million of merger costs was made to Xcel Energy's utility subsidiaries consistent with prior regulatory filings, in proportion to expected merger savings by the Company and consistent with service company cost allocation methodologies utilized under the requirements of the PUHCA. These costs are reported on the accompanying consolidated financial statements as special charges.

Of the total pretax special charges recorded by Xcel Energy that related to its regulated operations, $159 million was recorded during the third quarter of 2000 and $40 million was recorded during the fourth quarter of 2000. See Note 13 to the Financial Statements for the quarterly impacts on NSP-Wisconsin.

The total pretax charges included $52 million related to one-time transaction related costs incurred in connection with the merger of NSP and NCE. These transaction costs included investment banker fees, legal and regulatory approval costs, and expenses for support of and assistance with planning and completing the merger transaction.

Also included in the total were $147 million of pretax charges pertaining to incremental costs of transition and integration activities associated with merging operations. These transition costs included approximately $77 million for severance and related expenses associated with staff reductions. All 721 of accrued staff terminations have occurred. The staff reductions were non-bargaining positions mainly in corporate and operations support areas. Other transition and integration costs included amounts incurred for facility consolidation, systems integration, regulatory transition, merger communications and operations integration assistance.

Accrued Special Charges — The following table summarizes activity related to accrued special charges in 2002 and 2001:

Dec. 31, 2000 Liability*	Expensed 2001	Payments 2001	Dec. 31, 2001 Liability*	Expensed 2002	Payments 2002	Dec. 31, 2002 Liability*

			(Millions of dollars)				
NSP-Wisconsin	3	2	(3)	2	1	(3)	—

* Reported on the balance sheets in other current liabilities.

3. Short-Term Borrowings

NSP-Wisconsin has an intercompany borrowing arrangement with NSP-Minnesota, with interest charged at NSP-Minnesota's short-term borrowing rate. At Dec. 31, 2002 and 2001, NSP-Wisconsin had $6.9 million and $34.3 million, respectively, in short-term borrowings. The weighted average interest rate for NSP-Wisconsin was 4.40 percent at Dec. 31, 2002 and 2.16 percent at Dec. 31, 2001.

4. Long-Term Debt

All property of NSP-Wisconsin is subject to the liens of its first mortgage indentures, which are contracts between the companies and their bondholders.

The annual sinking-fund requirements of first mortgage indentures are the amounts necessary to redeem 1 percent of the highest principal amount of each series of first mortgage bonds at any time outstanding, excluding resource recovery financing. NSP-Wisconsin expects to satisfy substantially all of its sinking fund obligations in accordance with the terms of their respective indentures through the application of property additions.

Maturities and sinking fund requirements for long-term debt for NSP-Wisconsin is listed in the following table:

	NSP-Wisconsin (Millions of dollars)
2003	$ 41
2004	1
2005	1
2006	1
2007	1

5. Income Taxes

Total income tax expense from operations differs from the amount computed by applying the statutory federal income tax rate to income before income tax expense. The reasons for the difference are:

	2002	2001
Federal statutory rate	35.0%	35.0%
Increases (decreases) in tax from:		
State income taxes, net of federal income tax benefit	5.7%	4.4%
Life insurance policies	(0.1)%	—
Tax credits recognized	(0.9)%	(1.4)%
Equity income from unconsolidated affiliates	(0.1)%	(0.4)%
Regulatory differences — utility plant items	0.6%	(1.1)%

Non-deductibility of merger costs	—	—
Other — net	0.2%	0.3%
Effective income tax rate	40.4%	36.8%

Income taxes comprise the following expense (benefit) items (Thousands of dollars):

	2002	2001
Current federal tax expense	$ 13,143	$ 15,691
Current state tax expense	2,907	3,237
Deferred federal tax expense	16,569	2,462
Deferred state tax expense	5,113	587
Deferred investment tax credits	(807)	(819)
Total income tax expense	$ 36,925	$ 21,158

The components of net deferred tax liability (current and noncurrent portions) at Dec. 31 were:

	2002	2001
	(Thousands of dollars)	
Deferred tax liabilities:		
Differences between book and tax bases of property	$ 148,612	$ 121,023
Regulatory assets	17,436	11,117
Deferred investment tax credits	(6,018)	(6,284)
Other	6,051	3,722
Total deferred tax liabilities	$ 166,081	$ 129,578
Deferred tax assets:		
Differences between book and tax bases of property	$ 16,568	$ 7,984
Regulatory liabilities	732	411
Employee benefits and other accrued liabilities	(1,241)	(1,710)
Other	698	624
Total deferred tax assets	$ 16,757	$ 7,309
Net deferred tax liability	$ 149,324	$ 122,269

6. Benefit Plans and Other Postretirement Benefits

Xcel Energy offers various benefit plans to its benefit employees, including those of NSP-Wisconsin. NSP-Wisconsin had 419 union employees , or approximately 70 percent of total benefit employees, covered under a collective bargaining agreement which expires at the end of 2004.

Pension Benefits — Xcel Energy has several noncontributory, defined benefit pension plans that cover almost all utility employees, including those of NSP-Wisconsin. Benefits are based on a combination of years of service, the employee's average pay and Social Security benefits.

Xcel Energy's policy is to fully fund into an external trust the actuarially determined pension costs recognized for ratemaking and financial reporting purposes, subject to the limitations of applicable employee benefit and tax laws. Plan assets principally consist of the common stock of public companies, corporate bonds and U.S. government securities.

A comparison of the actuarially computed pension benefit obligation and plan assets for Xcel Energy plans which benefit utility subsidiary employees, including those of NSP-Wisconsin, on a combined basis, is presented in the following table:

	2002	2001

	(Thousands of dollars)	
Change in Benefit Obligation		
Obligation at January 1	$ 2,409,186	$ 2,254,138
Service cost	65,649	57,521
Interest cost	172,377	172,159
Acquisitions	7,848	—
Plan amendments	3,903	2,284
Actuarial loss	65,763	108,754
Settlements	(994)	—
Special termination benefits	4,445	—
Benefit payments	(222,601)	(185,670)
Obligation at December 31	$ 2,505,576	$ 2,409,186
Change in Fair Value of Plan Assets		
Fair value of plan assets at January 1	$ 3,267,586	$ 3,689,157
Actual return on plan assets	(404,940)	(235,901)
Employer contributions — acquisitions	912	—
Settlements	(994)	—
Benefit payments	(222,601)	(185,670)
Fair value of plan assets at December 31	$ 2,639,963	$ 3,267,586
Funded Status of Plans at December 31		
Net asset	$ 134,387	$ 858,400
Unrecognized transition asset	(2,003)	(9,317)
Unrecognized prior service cost	224,651	242,313
Unrecognized (gain) loss	165,927	(712,571)
Xcel Energy net pension amounts recognized on balance sheet	$ 522,962	$ 378,825
NSP-Wisconsin prepaid pension asset recorded	38,557	28,563
Significant Assumptions		
Discount rate for year end valuation	6.75%	7.25%
Expected average long term increase in compensation level	4.00%	4.50%
Expected average long term rate of return on assets	9.50%	9.50%

The components of net periodic pension cost (credit) for Xcel Energy plans which benefit employees of its utility subsidiaries, including those of NSP-Wisconsin, are:

Xcel Energy	2002	2001
	(Thousands of dollars)	
Service cost	$ 65,649	$ 57,521
Interest cost	172,377	172,159
Expected return on plan assets	(339,932)	(325,635)
Curtailment	—	1,121
Amortization of transition asset	(7,314)	(7,314)
Amortization of prior service cost	22,663	20,835
Amortization of net gain	(69,264)	(72,413)
Net periodic pension credit under SFAS No. 87	$ (155,821)	$ (153,726)
NSP-Wisconsin		
Net SFAS No. 87 benefit credit recognized for reporting	$ (9,994)	$ (10,002)

Xcel Energy also maintains noncontributory defined benefit supplemental retirement income plans for certain qualifying executive personnel. Benefits for these unfunded plans are paid out of Xcel Energy's operating cash flows.

Defined Contribution Plans — Xcel Energy maintains 401(k) and other defined contribution plans that cover substantially all employees, including those of NSP-Wisconsin. Total contributions to these plans, which benefit employees of the utility subsidiaries, were approximately $19 million in 2002 and $23 million in 2001. The total contribution for 2002 included $0.7 million for NSP-Wisconsin.

Until May 6, 2002 Xcel Energy had a leveraged employee stock ownership plan (ESOP) that covered substantially all employees of NSP-Minnesota and NSP-Wisconsin. Xcel Energy made contributions to this noncontributory, defined contribution plan to the extent it realized tax savings from dividends paid on certain ESOP shares. ESOP contributions had no material effect on Xcel Energy earnings because the tax savings provided by the dividends paid on ESOP shares essentially offset the contributions. Xcel Energy allocated leveraged ESOP shares to participants when it repaid ESOP loans with dividends on stock held by the ESOP.

In May 2002 the ESOP was merged into the Xcel Retirement Savings 401(k) Plan. Starting with the 2003 plan year, the ESOP component of the 401(k) will no longer be leveraged.

Xcel Energy's leveraged ESOP held no shares of Xcel Energy common stock at the end of 2002, 10.7 million shares of Xcel Energy common stock at May 6, 2002, 10.5 million shares of Xcel Energy common stock at the end of 2001, and 12.0 million shares of Xcel Energy common stock at the end of 2000. Xcel Energy excluded the following average number of uncommitted leveraged ESOP shares from earnings per share calculations: 0.7 million in 2002, 0.9 million in 2001, and 0.7 million in 2000. On Nov. 19, 2002, Xcel Energy paid off all of the ESOP loans. All uncommitted ESOP shares were released and will be used by Xcel Energy for its employer matching contribution to its 401(k) plan.

Postretirement Health Care Benefits — Xcel Energy has contributory health and welfare benefit plans that provide health care and death benefits to most Xcel Energy retirees, including those of NSP-Wisconsin. The former NSP discontinued contributing toward health care benefits for nonbargaining employees retiring after 1998 and for bargaining employees of NSP-Minnesota and NSP-Wisconsin who retired after 1999. However, employees of the former NCE who retired in 2002 continue to receive employer subsidized health care benefits. Employees of the former NSP who retired after 1998 are eligible to participate in the Xcel Energy health care program with no employer subsidy.

In conjunction with the 1993 adoption of SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pension," Xcel Energy elected to amortize the unrecognized accumulated postretirement benefit obligation (APBO) on a straight-line basis over 20 years.

Regulatory agencies for nearly all of Xcel Energy's retail and wholesale utility customers have allowed rate recovery of accrued benefit costs under SFAS No. 106. Additionally, certain state agencies, which regulate Xcel Energy's utility subsidiaries, have also issued guidelines related to the funding of SFAS No. 106 costs. Wisconsin retail regulators required external funding of accrued SFAS No. 106 costs to the extent such funding is tax advantaged. Plan assets held in external funding trusts principally consist of investments in equity mutual funds, fixed-income securities and cash equivalents.

A comparison of the actuarially computed benefit obligation and plan assets for Xcel Energy postretirement health care plans that benefit employees of its utility subsidiaries, including those of NSP-Wisconsin, is presented in the following table:

	2002	**2001**
	(Thousands of dollars)	
Change in Benefit Obligation		
Obligation at January 1	$ 662,853	$ 558,994
Service cost	5,967	5,258
Interest cost	48,304	45,177
Acquisitions	773	—
Plan amendments	—	—
Plan participants' contributions	5,755	3,517

Actuarial loss	57,175	98,655
Special termination benefits	(173)	—
Benefit payments	(44,263)	(48,748)
Obligation at December 31	$ 736,391	$ 662,853
Change in Fair Value of Plan Assets		
Fair value of plan assets at January 1	$ 242,803	$ 223,266
Actual return on plan assets	(13,632)	(3,701)
Plan participants' contributions	5,755	3,517
Employer contributions	60,320	68,469
Benefit payments	(44,263)	(48,748)
Fair value of plan assets at December 31	$ 250,983	$ 242,803
Funded Status of Plan at December 31		
Net obligation	$ 485,408	$ 420,050
Unrecognized transition asset (obligation)	(169,328)	(186,099)
Unrecognized prior service cost	10,675	12,559
Unrecognized gain (loss)	(200,634)	(132,354)
Total accrued benefit liability recorded	$ 126,121	$ 114,156
NSP-Wisconsin accrued benefit liability recorded	$ 4,899	$ 5,052
Significant Assumptions		
Discount rate for year end valuation	6.75%	7.25%
Expected average long term rate of return on assets	8.0 - 9.0%	9.0%

The assumed health care cost trend rate for 2002 is approximately 8 percent, decreasing gradually to 5.5 percent in 2007 and remaining level thereafter. A 1 percent change in the assumed health care cost trend rate would have the following effects:

	Xcel Energy	**NSP-Wisconsin**
	(Thousands of dollars)	
Effect of changes in the assumed health care cost trend rate		
1 percent increase in APBO components at Dec. 31, 2002	$ 79,028	$ 2,181
1 percent decrease in APBO components at Dec. 31, 2002	(65,755)	(1,889)
1 percent increase in service and interest components of the net periodic cost	6,285	142
1 percent decrease in service and interest components of the net periodic cost	(5,181)	(124)

The components of net periodic postretirement benefit cost of Xcel Energy's plans are:

	2002	**2001**
	(Thousands of dollars)	
Xcel Energy		
Service cost	$ 5,967	$ 6,160
Interest cost	48,304	46,579
Expected return on plan assets	(21,011)	(18,920)
Amortization of transition obligation	16,771	16,771
Amortization of prior service credit	(1,130)	(1,235)
Amortization of net loss	5,380	1,457
Net periodic postretirement benefit cost under SFAS		

No. 106	54,281	50,812
Additional cost recognized due to effects of regulation	4,043	3,738
Net cost recognized for financial reporting	$ 58,324	$ 54,550
NSP-Wisconsin		
Net periodic postretirement benefit cost recognized — SFAS No. 106	$ 1,531	$ 1,155

7. Financial Instruments

Fair Values

The estimated December 31 fair values of NSP-Wisconsin's recorded financial instruments are as follows:

	2002		2001	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(Thousands of dollars)			
Long-term investments	$ 10	$ 10	$ 9	$ 9
Long-term debt, including current portion	313,142	320,884	313,088	317,490

The carrying amount of cash, cash equivalents, short-term investments and other financial instruments approximates fair value because of the short maturity of those instruments. The fair value of NSP-Wisconsin's long-term debt is estimated based on the quoted market prices for the same or similar issues, or the current rates for debt of the same remaining maturities and credit quality.

The fair value estimates presented are based on information available to management as of Dec. 31, 2002 and 2001. These fair value estimates have not been comprehensively revalued for purposes of these financial statements since that date and current estimates of fair values may differ significantly from the amounts presented herein.

Guarantees

NSP-Wisconsin had the following guarantees outstanding on Dec. 31, 2002:

Guarantor	**NSP-Wisconsin**
Guarantee amount	$1.4 million
Exposure under guarantee	$0.1 million
Nature of guarantee	NSP-Wisconsin guarantees customer loans to encourage business growth and expansion.
Term of guarantee	Latest expiration in 2006.
Triggering events or circumstances requiring performance under the guarantee	Non-timely payment of the obligations or at the time the Debtor becomes the subject of bankruptcy or other insolvency proceedings.
Current carrying amount of the liability	n/a
Nature of any recourse	

provisions	None
Any assets held as collateral	None

8. Derivative Valuation and Financial Impacts

Use of Derivatives to Manage Risk

Business and Operational Risk — NSP-Wisconsin is exposed to commodity price risk in its generation and retail distribution operations. NSP-Wisconsin generally recovers natural gas costs in its jurisdictions on a dollar-for-dollar basis. NSP-Wisconsin has limited exposure to market price risk for the purchase of electric energy.

Interest Rate Risk — With the exception of short-term borrowings, NSP-Wisconsin does not have variable interest rates; therefore there is limited interest rate risk.

Derivatives as Hedges

2001 Accounting Change — On Jan. 1, 2001, Xcel Energy and its utility subsidiaries adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." This statement requires that all derivative instruments as defined by SFAS No. 133 be recorded on the balance sheet at fair value unless exempted. Changes in a derivative instrument's fair value must be recognized currently in earnings unless the derivative has been designated in a qualifying hedging relationship. The application of hedge accounting allows a derivative instrument's gains and losses to offset related results of the hedged item in the income statement, to the extent effective. SFAS No. 133 requires that the hedging relationship be highly effective and that a company formally designate a hedging relationship to apply hedge accounting.

A fair value hedge requires that the effective portion of the change in the fair value of a derivative instrument be offset against the change in the fair value of the underlying asset, liability, or firm commitment being hedged. That is, fair value hedge accounting allows the gain or loss on the hedged item to offset the gain or loss on the derivative instrument in the same period. A cash flow hedge requires that the effective portion of the change in the fair value of a derivative instrument be recognized in Other Comprehensive Income, and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. The ineffective portion of a derivative instrument's change in fair value is recognized currently in earnings.

Xcel Energy's utility subsidiaries formally document hedge relationships, including, among other things, the identification of the hedging instrument and the hedged transaction, as well as the risk management objectives and strategies for undertaking the hedged transaction. Derivatives are recorded in the balance sheet at fair value. Xcel Energy's utility subsidiaries also formally assess, both at inception and at least quarterly thereafter, whether the derivative instruments being used are highly effective in offsetting changes in either the fair value or cash flows of the hedged items.

Financial Impacts of Derivatives

SFAS No. 133 had no impact on Other Comprehensive Income for 2002 and 2001, included in Stockholder's Equity, for NSP-Wisconsin.

9. Commitments and Contingent Liabilities

Leases — NSP-Wisconsin leases a variety of equipment and facilities used in the normal course of business. The leases are primarily for trucks, cars and power-operated equipment and are accounted for as operating leases. The amounts paid under operating leases during 2002 NSP-Wisconsin are listed in the following table:

Rental expense under operating leases was:

	2002	2001
	(Millions of dollars)	
NSP-Wisconsin	4.8	4.7

Future commitments under operating leases are:

	2003	2004	2005	2006	2007
		(Millions of dollars)			
NSP-Wisconsin	3.7	3.7	3.7	3.7	3.7

Nuclear Insurance — Although NSP-Wisconsin does not own a nuclear facility, any assessment made against NSP-Minnesota under the Price-Anderson liability provisions of the Atomic Energy Act of 1954 would be a cost included under the Interchange Agreement (see note 12) and NSP-Wisconsin would be charged its proportion of the assessment. NSP-Minnesota's public liability for claims resulting from any nuclear incident is limited to $9.4 billion under the 1988 Price-Anderson amendment to the Atomic Energy Act of 1954. NSP-Minnesota has secured $200 million of coverage for its public liability exposure with a pool of insurance companies. The remaining $9.2 billion of exposure is funded by the Secondary Financial Protection Program, available from assessments by the federal government in case of a nuclear accident. NSP-Minnesota is subject to assessments of up to $88 million for each of its three licensed reactors to be applied for public liability arising from a nuclear incident at any licensed nuclear facility in the United States. The maximum funding requirement is $10 million per reactor during any one year.

NSP-Minnesota purchases insurance for property damage and site decontamination cleanup costs from Nuclear Electric Insurance Ltd. (NEIL). The coverage limits are $1.5 billion for each of NSP-Minnesota's two nuclear plant sites. NEIL also provides business interruption insurance coverage, including the cost of replacement power obtained during certain prolonged accidental outages of nuclear generating units. Premiums are expensed over the policy term. All companies insured with NEIL are subject to retroactive premium adjustments if losses exceed accumulated reserve funds. Capital has been accumulated in the reserve funds of NEIL to the extent that NSP-Minnesota would have no exposure for retroactive premium assessments in case of a single incident under the business interruption and the property damage insurance coverage. However, in each calendar year, NSP-Minnesota could be subject to maximum assessments of approximately $7.5 million for business interruption insurance and $21.6 million for property damage insurance if losses exceed accumulated reserve funds.

Fuel Contracts — The utility subsidiaries of Xcel Energy have contracts providing for the purchase and delivery of a significant portion of their current coal, nuclear fuel and natural gas requirements. These contracts expire in various years between 2003 and 2025. In addition, the utility subsidiaries of Xcel Energy are required to pay additional amounts depending on actual quantities shipped under these agreements. The potential risk of loss for the utility subsidiaries of Xcel Energy, in the form of increased costs, from market price changes in fuel is mitigated through the cost-of-energy adjustment provision of the ratemaking process, which provides for recovery of most fuel costs.

The minimum purchase for NSP-Minnesota and NSP-Wisconsin are as follows:

	Coal	Nuclear Fuel	Natural Gas	Gas Storage & Transportation
		(Millions of dollars)		
NSP-Minnesota and NSP-Wisconsin (combined)	$ 219	$ 122	$ 284	$ 268

Purchased Power Agreements — NSP-Minnesota has entered into agreements with utilities and other energy suppliers for purchased power to meet system load and energy requirements, replace generation from company-owned units under maintenance and during outages, and meet operating reserve obligations. NSP-Minnesota has various pay-for-performance contracts with expiration dates through the year 2050. In general, these contracts provide for capacity payments, subject to meeting certain contract obligations and energy payments based on actual power taken under the contracts. Most of the capacity and energy costs are recovered through base rates and other cost recovery mechanisms.

NSP-Minnesota has a 500-megawatt participation power purchase commitment with the Manitoba Hydro Electric Board, which expires in April 2005. The current cost of this agreement is based on 80 percent of the costs of owning and operating NSP-Minnesota's Sherco 3 generating plant, adjusted to 1993 dollars. This agreement was extended during 2002 to include the period starting May 2005 through April 2015. The cost of the agreement for this extended period is based on a base price, which was established from May 2001 through April 2002 and will be escalated by the change in the United States Gross National Product to reflect the current year. In addition, NSP-Minnesota and Manitoba Hydro have seasonal diversity exchange agreements, and there are no capacity payments for the diversity exchanges. These commitments represent about 17 percent of Manitoba Hydro's system capacity and account for approximately 9 percent of NSP- Minnesota's 2002 electric system capability. The risk of loss from nonperformance by Manitoba Hydro is not considered significant, and the risk of loss from market price changes is mitigated through cost-of-energy rate adjustments.

At Dec. 31, 2002, the estimated future payments for capacity that NSP-Minnesota is obligated to purchase, subject to availability, are as follows (Thousands of dollars):

	NSP-Minnesota*
2003	$ 133,688
2004	129,578
2005	108,828
2006	108,129
2007 and thereafter	1,442,140
Total	$ 1,922,363

* Includes amounts allocated to NSP-Wisconsin through intercompany charges.

Environmental Contingencies

We are subject to regulations covering air and water quality, the storage of natural gas and the storage and disposal of hazardous or toxic wastes. We continuously assess our compliance. Regulations, interpretations and enforcement policies can change, which may impact the cost of building and operating our facilities.

Site Remediation — We must pay all or a portion of the cost to remediate sites where past activities of our subsidiaries and some other parties have caused environmental contamination. At Dec. 31, 2002 there were two categories of sites for NSP-Wisconsin:

- third party sites, such as landfills, to which we are alleged to be a potentially responsible party (PRP) that sent hazardous materials and wastes, and
- sites of former manufactured gas plants (MGP's) operated by our subsidiaries or predecessors.

We record a liability when we have enough information to develop an estimate of the cost of remediating a site and revise the estimate as information is received. The estimated remediation cost may vary materially.

To estimate the cost to remediate these sites, we may have to make assumptions where facts are not fully known. For instance, we might make assumptions about the nature and extent of site contamination, the extent of required cleanup efforts, costs of alternative cleanup methods and pollution control technologies, the period over which remediation will be performed and paid for, changes in environmental remediation and pollution control requirements, the potential effect of technological improvements, the number and financial strength of other PRPs and the identification of new environmental cleanup sites.

We revise our estimates as facts become known, but at Dec. 31, 2002 our estimated liability for the cost of remediating sites was:

	Total Liability	Current Portion of Liability
	(Millions of dollars)	
NSP-Wisconsin	23.1	2.0

Some of the cost of remediation may be recovered from:

- insurance coverage;
- other parties that have contributed to the contamination; and
- customers.

Neither the total remediation cost nor the final method of cost allocation among all PRPs of the unremediated sites has been determined. We have recorded estimates of our share of future costs for these sites. We are not aware of any other parties' inability to pay, nor do we know if responsibility for any of the sites is in dispute.

Asbestos Removal — Some of our facilities contain asbestos. Most asbestos will remain undisturbed until the facilities that contain it are demolished or renovated. Since we intend to operate most of these facilities indefinitely, we cannot estimate the amount or timing of payments for its final removal. It may be necessary to remove some asbestos to perform maintenance or make improvements to other equipment. The cost of removing asbestos as part of other work is immaterial and is recorded as incurred as operating expenses for maintenance projects, capital expenditures for construction projects or removal costs for demolition projects.

Ashland MGP Site — NSP-Wisconsin was named as one of three PRPs for creosote and coal tar contamination at a site in Ashland, Wis. The Ashland site includes property owned by NSP-Wisconsin and two other properties: an adjacent city lakeshore park area and a small area of Lake Superior's Chequemegon Bay adjoining the park.

The Wisconsin Department of Natural Resources (WDNR) and NSP-Wisconsin have each developed several estimates of the ultimate cost to remediate the Ashland site. The estimates vary significantly, between $4 million and $93 million, because different methods of remediation and different results are assumed in each. The Environmental Protection Agency (EPA) and WDNR have not yet selected the method of remediation to use at the site. Until the EPA and the WDNR select a remediation strategy for all operable units at the site and determine the level of responsibility of each PRP, we are not able to accurately determine our share of the ultimate cost of remediating the Ashland site.

In the interim, NSP-Wisconsin has recorded a liability for an estimate of its share of the cost of remediating the portion of the Ashland site that it owns, estimated using information available to date and using reasonably effective remedial methods. NSP-Wisconsin has deferred, as a regulatory asset, the remediation costs accrued for the Ashland site because we expect that the Public Service Commission of Wisconsin (PSCW) will continue to allow NSP-Wisconsin to recover payments for environmental remediation from its customers. The PSCW has consistently authorized recovery in NSP-Wisconsin rates of all remediation costs incurred at the Ashland site, and has authorized recovery of similar remediation costs for other Wisconsin utilities.

We proposed, and the EPA and WDNR have approved, an interim action (a coal tar removal/ groundwater treatment system) for one operable unit at the site for which NSP-Wisconsin has accepted responsibility. The groundwater treatment system began operating in the fall of 2000. In 2002 NSP-Wisconsin installed additional monitoring wells in the deep aquifer to better characterize the extent and degree of contaminants in that aquifer while the coal tar removal system is operational. In 2002 a second interim response action was also implemented. As approved by the WDNR, this interim response action involved the removal and capping of a seep area in a city park. Surface soils in the area of the seep were contaminated with tar residues. The interim action also included the diversion and ongoing treatment of groundwater that contributed to the formation of the seep.

On Sept. 5, 2002, the Ashland site was placed on the National Priorities List (NPL). The NPL is intended primarily to guide the EPA in determining which sites require further investigation. Resolution of Ashland remediation issues is not expected until 2004 or 2005.

NSP-Wisconsin continues to work with the WDNR to access state and federal funds to apply to the ultimate remediation cost of the entire site.

Plant Emissions — NSP-Wisconsin's French Island plant generates electricity by burning a mixture of wood waste and refuse derived fuel. The fuel is derived from municipal solid waste furnished under a contract with La Crosse County, Wisconsin. In late 2000, the EPA reversed a prior decision and found that the plant was subject to the federal large combustor regulations. Those regulations became effective on Dec. 19, 2000. NSP-Wisconsin did not have adequate time to install the emission controls necessary to come into compliance with the large combustor regulations by the compliance date. As a result, in early 2001, the EPA issued a finding of violation to NSP-Wisconsin. NSP-Wisconsin is engaged in ongoing settlement discussions with the EPA regarding the finding of violation. In April 2001, a conservation group sent NSP-Wisconsin a notice of intent to sue under the citizen suit provisions of the Clean Air Act. NSP-Wisconsin could be fined up to $27,500 per day for each violation.

In July 2001, the state of Wisconsin filed a lawsuit against NSP-Wisconsin in the Wisconsin Circuit Court for La Crosse County, contending that NSP-Wisconsin exceeded dioxin emission limits on numerous occasions between July 1995 and December 2000 at French Island. In September 2002, the Court approved a settlement in the case requiring NSP-Wisconsin to pay penalties of $167,579 and contribute $300,000 in installments through 2005 to help fund a household hazardous waste project in the La Crosse area.

In August 2001, NSP-Wisconsin received a Certificate of Authority to install control equipment necessary to bring the French Island plant into compliance with both the federal large combustor regulations and state dioxin standard. NSP-Wisconsin began construction of the new air quality equipment in late 2001 and completed construction in 2002. NSP-Wisconsin has reached an agreement with La Crosse County through which La Crosse County will pay for the extra emissions equipment required to comply with the regulations.

Legal Contingencies

In the normal course of business, Xcel Energy's utility subsidiaries are party to routine claims and litigation arising from prior and current operations. Xcel Energy's utility subsidiaries are actively defending these matters and have recorded an estimate of the probable cost of settlement or other disposition.

NSP-Wisconsin is the defendant in suits claiming electricity and/or stray voltage from NSP-Wisconsin's system has harmed plaintiffs' dairy herds and caused other damage and injuries. Total damages claimed in these proceedings are approximately $17.5 million. The ultimate outcome of these claims is not determinable at this time, and NSP-Wisconsin has recorded an estimate of costs necessary to settle or otherwise resolve these matters.

10. Related Party Transactions

NSP-Wisconsin receives various administrative, management, environmental and other support services from Xcel Energy Services Inc., which began operations in August 2000. Prior to this, all of these support services resided in former NSP for NSP-Minnesota and NSP-Wisconsin and were allocated to the former NSP subsidiaries, as appropriate.

Viking Gas Transmission Co. (Viking), a subsidiary of Xcel Energy through 2002, transports gas purchased by NSP-Wisconsin from various suppliers. NSP Wisconsin purchased $1.6 million of transportation service from Viking during 2002.

The electric production and transmission costs of the entire NSP system are shared by NSP-Minnesota and NSP-Wisconsin. A FERC approved agreement (Interchange Agreement) between the two companies provides for the sharing of all costs of generation and transmission facilities of the system, including capital costs. Billings under the Interchange Agreement, which are included in the Consolidated Statements of Income, are as follows:

	2002	2001
	(Thousands of dollars)	
NSP-Wisconsin		
Operating revenues:		
Electric	$ 80,200	$ 85,895
Operating expenses:		
Purchased and interchange power	205,174	218,534
Gas purchased for resale	95	244
Other operations*	50,449	46,371

* Other operations expense includes $36,695 and $28,816 paid to Xcel Energy Services Inc. in 2002 and 2001.

NSP-Wisconsin obtains short-term borrowings from NSP-Minnesota at NSP-Minnesota's average daily interest rate, including the cost of NSP-Minnesota's compensating balance requirements. Corresponding interest charges on NSP-Wisconsin's statement of income include $0.2 million and $0.4 million for 2002 and 2001.

NSP-Wisconsin's receivable from affiliates primarily represents amounts receivable from NSP-Minnesota for the Interchange Agreement. NSP-Wisconsin's notes payable to affiliates represents amounts payable to NSP-Minnesota.

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Northern States Power Company (Wisconsin)	(1) [X] An Original (2) [ ] A Resubmission	03/27/2003	Dec. 31, 2002

STATEMENTS OF ACCUMULATED COMPREHENSIVE INCOME, COMPREHENSIVE INCOME, AND HEDGING ACTIVITIES

1. Report in columns (b) (c) and (e) the amounts of accumulated other comprehensive income items, on a net-of-tax basis, where appropriate.

2. Report in columns (f) and (g) the amounts of other categories of other cash flow hedges.

3. For each category of hedges that have been accounted for as "fair value hedges", report the accounts affected and the related amounts in a footnote.

Line No.	Item (a)	Unrealized Gains and Losses on Available-for-Sale Securities (b)	Minimum Pension Liability adjustment (net amount) (c)	Foreign Currency Hedges (d)	Other Adjustments (e)
1	Balance of Account 219 at Beginning of Preceeding Year				
2	Preceding yr. Reclassification from Account 219 Net Income				
3	Preceding Year Changes in Fair Value	(959)			
4	Total (lines 2 and 3)	(959)			
5	Balance of Account 219 at End of Preceding Yr/Beginning of Current Yr	(959)			
6	Current Year Reclassification From Account 219 to Net Income				
7	Current Year Changes in Fair Value	(767)			
8	Total (lines 6 and 7)	(767)			
9	Balance of Account 219 at End of Current Year	(1,726)			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Northern States Power Company (Wisconsin)	(1) [X] An Original (2) [ ] A Resubmission	03/27/2003	Dec. 31, 2002

STATEMENTS OF ACCUMULATED COMPREHENSIVE INCOME, COMPREHENSIVE INCOME, AND HEDGING ACTIVITIES

Line No.	Other Cash Flow Hedges [Specify] (f)	Other Cash Flow Hedges [Specify] (g)	Totals for each category of items recorded in Account 219 (h)	Net Income (Carried Forward from Page 117, Line 72) (i)	Total Comprehensive Income (j)
1					
2					
3			(959)		
4			(959)	36,392,485	36,391,526
5			(959)		
6					
7			(767)		
8			(767)	54,373,246	54,372,479
9			(1,726)		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Northern States Power Company (Wisconsin)	(1) [X] An Original (2) [ ] A Resubmission	03/27/2003	Dec. 31, 2002

PURCHASED POWER (Account 555)
(Including power exchanges)

1. Report all power purchases made during the year. Also report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges.
2. Enter the name of the seller or other party in an exchange transaction in column (a). Do not abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the seller.
3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:

RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projects load for this service in its system resource planning). In addition, the reliability of requirement service must be the same as, or second only to, the supplier's service to its own ultimate consumers.

LF - for long-term firm service. "Long-term" means five years or longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for long-term firm service firm service which meets the definition of RQ service. For all transaction identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or seller can unilaterally get out of the contract.

IF - for intermediate-term firm service. The same as LF service expect that "intermediate-term" means longer than one year but less than five years.

SF - for short-term service. Use this category for all firm services, where the duration of each period of commitment for service is one year or less.

LU - for long-term service from a designated generating unit. "Long-term" means five years or longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of the designated unit.

IU - for intermediate-term service from a designated generating unit. The same as LU service expect that "intermediate-term" means longer than one year but less than five years.

EX - For exchanges of electricity. Use this category for transactions involving a balancing of debits and credits for energy, capacity, etc. and any settlements for imbalanced exchanges.

OS - for other service. Use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote for each adjustment.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff Number (c)	Average Monthly Billing Demand (MW) (d)	Actual Demand (MW) Average Monthly NCP Demand (e)	Average Monthly CP Demand (f)
1	Northern States Power Co (MN) 1					
2	Northern States Power Co (MN) 1	AD				
3						
4						
5						
6	All transactions involving Purchased					
7	Power and Sales to Other Utilities					
8	are included in and shared through the					
9	Interchange Areement with utility					
10	affiliate (NSP Minnesota)					
11						
12						
13						
14						
	Total					

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Northern States Power Company (Wisconsin)	(1) [X] An Original (2) [ ] A Resubmission	03/27/2003	Dec. 31, 2002

PURCHASED POWER(Account 555) (Continued)
(Including power exchanges)

AD - for out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

4. In column (c), identify the FERC Rate Schedule Number or Tariff, or, for non-FERC jurisdictional sellers, include an appropriate designation for the contract. On separate lines, list all FERC rate schedules, tariffs or contract designations under which service, as identified in column (b), is provided.
5. For requirements RQ purchases and any type of service involving demand charges imposed on a monnthly (or longer) basis, enter the monthly average billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP) demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.
6. Report in column (g) the megawatthours shown on bills rendered to the respondent. Report in columns (h) and (i) the megawatthours of power exchanges received and delivered, used as the basis for settlement. Do not report net exchange.
7. Report demand charges in column (j), energy charges in column (k), and the total of any other types of charges, including out-of-period adjustments, in column (l). Explain in a footnote all components of the amount shown in column (l). Report in column (m) the total charge shown on bills received as settlement by the respondent. For power exchanges, report in column (m) the settlement amount for the net receipt of energy. If more energy was delivered than received, enter a negative amount. If the settlement amount (l) include credits or charges other than incremental generation expenses, or (2) excludes certain credits or charges covered by the agreement, provide an explanatory footnote.
8. The data in column (g) through (m) must be totalled on the last line of the schedule. The total amount in column (g) must be reported as Purchases on Page 401, line 10. The total amount in column (h) must be reported as Exchange Received on Page 401, line 12. The total amount in column (i) must be reported as Exchange Delivered on Page 401, line 13.
9. Footnote entries as required and provide explanations following all required data.

MegaWatt Hours Purchased (g)	POWER EXCHANGES		COST/SETTLEMENT OF POWER				Line No.
	MegaWatt Hours Received (h)	MegaWatt Hours Delivered (i)	Demand Charges ($) (j)	Energy Charges ($) (k)	Other Charges ($) (l)	Total (j+k+l) of Settlement ($) (m)	
5,530,052					161,662,787	161,662,787	1
					-336,271	-336,271	2
							3
							4
							5
							6
							7
							8
							9
							10
							11
							12
							13
							14
5,530,052					161,326,516	161,326,516	

Schedule Page: 326 Line No.: 1 Column: a

Total dollars and MWH's will not match page 321, line 76, due to differences in accounting classification associated with the NSP Minnesota and Wisconsin Company Interchange Agreement. (see Note 10 of Notes to the Financial Statements).

PARTICULARS CONCERNING CERTAIN INCOME DEDUCTIONS AND INTEREST CHARGES ACCOUNTS

Report the information specified below, in the order given, for the respective income deduction and interest charges account. Provide a subheading for each account and a total for the account. Additional columns may be added if deemed appropriate with respect to any account.

(a) Miscellaneous Amortization (Account 425): Describe the nature of items included in theis account, the contra account charged, the total of amortization charges for the year and the period of amortization.

(b) Miscellaneous Income Deductions: Report the nature, payee and amount of other income deductions for the year as required by accounts 426.1, Donations, 426.2 Life Insurance, 426.3 Penalties, 426.4 Expenditures for Certain Civic, Political and related activities, and 426.5 Other deductions, of the Uniform System of Accounts. Amounts of Less than 5% of each account total for the year (or $1,000, whichever is greater) may be grouped by classes within the above accounts.

(c.) Interest on Debt to Associated Companies (Account 430) - For each associated company to which interest on debt was incurred during the year, indicate the amount and interest rate respectively for (a) advances on notes, (b) advances on open account, (c.) notes payable, (d) accounts payable and (e) other debt and total interest. Explain the nature of other debt on which interest was incurred during the year.

(d) Other Interest Expense (Account 431) -- Report particulars (details) including the amount and interest rate for other interest charges incurred during the year.

Item (a)	Amount (b)
ANALYSIS OF DONATIONS - ACCOUNT 426.1	
CIVIC ORGANIZATIONS	
GOGEBIC COUNTY ECONOMIC DEVELOPMENT	2,000
CADOTT SPEC BUILDING	14,490
IRON COUNTY DEVELOPMENT	2,000
CHIPPEWA COUNTY ECONOMIC DEVELOPMENT	2,000
CLARK COUNTY ECONOMIC DEVELOPMENT	2,000
VILLAGE OF OSCEOLA	5,000
CITY OF LADYSMITH	5,000
WESTERN DAIRYLAND FRESH START	3,000
CHIPPEWA FALLS MAIN STREET	4,500
WEDA	2,500
DUNN COUNTY ECONOMIC DEVELOPMENT	3,000
ST CROIX ECONOMIC DEVELOPMENT	2,500
RIVER COUNTY RC&D CNCLCOMMUNITY GRANT	2,250
MISCELLANEOUS	20,994
SUBTOTAL 426.1 - CIVIC	71,234
CULTURAL ORGANIZATIONS	
MISCELLANEOUS	5,900
SUBTOTAL 426.1 - CULTURAL	5,900
EDUCATION, COLLEGES, HIGH SCHOOLS	
UNIVERSITY OF WISCONSIN-EXTENS	5,000
WISCONSIN PUBLIC UTILITY INST	6,500
BAYFIELD COUNTY EDC	2,000
STOUT UNIVERSITY FOUNDATION IN	2,000
UNIVERSITY OF WISCONSIN-EXTENS	5,000
UNIVERSITY OF WISCONSIN-STOUT	4,000
UNIVERSITY OF WISCONSIN-MULTI-YEAR SCHOLORSHIP	10,000
MUELLER COMMUNICATIONS-ENERGY	6,000
ENERGY SYMPOSIUM	3,000
MISCELLANEOUS	6,800
SUBTOTAL 426.1 - EDUCATION, COLLEGES, HIGH SCHOOLS	50,300

PARTICULARS CONCERNING CERTAIN INCOME DEDUCTIONS AND INTEREST CHARGES ACCOUNTS

Report the information specified below, in the order given, for the respective income deduction and interest charges account. Provide a subheading for each account and a total for the account. Additional columns may be added if deemed appropriate with respect to any account.

(a) Miscellaneous Amortization (Account 425): Describe the nature of items included in this account, the contra account charged, the total of amortization charges for the year and the period of amortization.

(b) Miscellaneous Income Deductions: Report the nature, payee and amount of other income deductions for the year as required by accounts 426.1, Donations, 426.2 Life Insurance, 426.3 Penalties, 426.4 Expenditures for Certain Civic, Political and related activities, and 426.5 Other deductions, of the Uniform System of Accounts. Amounts of Less than 5% of each account total for the year (or $1,000, whichever is greater) may be grouped by classes within the above accounts.

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(d) Other Interest Expense (Account 431) -- Report particulars (details) including the amount and interest rate for other interest charges incurred during the year.

Item (a)	Amount (b)
HOSPITAL AND MEDICAL RESEARCH PROGRAMS	
MISCELLANEOUS	1,300
SUBTOTAL 426.1-HOSPITAL AND MEDICAL RESEARCH	1,300
YOUTH ORGANIZATIONS AND ACTIVITIES, FRATERNAL AND BUSINESS ORGANIZATIONS, CHAMBER OF COMMERCE, LOCAL CELEBRATIONS AND VETERANS ORGANIZATIONS	
CITY OF BAYFIELD	2,500
OSCEOLA COMMUNITY HEALTH FNDTN	7,000
EAU CLAIRE AREA CHAMBER OF COM	2,500
WISCONSIN CHAMBER OF COMMERCE	6,000
BOOK ACROSS THE BAY INC	2,500
LAKE SUPERIOR BIG TOP CHAUTAUQ	5,000
FRIENDS OF BEAVER CREEK	2,000
MISCELLANEOUS	15,527
SUBTOTAL 426.1 - ORGANIZATIONS	43,027
COMMUNITY WELFARE ORGANIZATIONS	
SALVATION ARMY	6,000
UWF-BADGER FUND	2,500
GOLDSTEIN'S	2,267
MISCELLANEOUS	9,500
SUBTOTAL 426.1 - COMMUNITY WELFARE	20,267
MISCELLANEOUS	
XCEL FOUNDATION DONATIONS	243,538
TOTAL 426.1	435,566
LIFE INSURANCE - ACCOUNT 426.2	
WEALTH OPTION AND OFFICER SURVIVOR BENEFITS	188,650
TOTAL 426.2	188,650
PENALTIES - ACCOUNT 426.3	
WDNR PENALTY FOR FRENCH ISLAND STEAM PLANT	250,800
TOTAL 426.3	250,800

PARTICULARS CONCERNING CERTAIN INCOME DEDUCTIONS AND INTEREST CHARGES ACCOUNTS

Report the information specified below, in the order given, for the respective income deduction and interest charges account. Provide a subheading for each account and a total for the account. Additional columns may be added if deemed appropriate with respect to any account.

(a) Miscellaneous Amortization (Account 425): Describe the nature of items included in this account, the contra account charged, the total of amortization charges for the year and the period of amortization.

(b) Miscellaneous Income Deductions: Report the nature, payee and amount of other income deductions for the year as required by accounts 426.1, Donations, 426.2 Life Insurance, 426.3 Penalties, 426.4 Expenditures for Certain Civic, Political and related activities, and 426.5 Other deductions, of the Uniform System of Accounts. Amounts of Less than 5% of each account total for the year (or $1,000, whichever is greater) may be grouped by classes within the above accounts.

(c.) Interest on Debt to Associated Companies (Account 430) - For each associated company to which interest on debt was incurred during the year, indicate the amount and interest rate respectively for (a) advances on notes, (b) advances on open account, (c.) notes payable, (d) accounts payable and (e) other debt and total interest. Explain the nature of other debt on which interest was incurred during the year.

(d) Other Interest Expense (Account 431) -- Report particulars (details) including the amount and interest rate for other interest charges incurred during the year.

Item (a)	Amount (b)
INC DED - CIVIC, POLITICAL AND RELATED - ACCOUNT 426.4	
GEORGE CARR PROFESSIONAL SERVICES	1,212
EISENHOWER CENTER BUILDING FUND	10,000
ELECTRIC UTILITY ASSOCIATION	1,899
FRANKIN & ASSOCIATES	71,898
HAMILTON CONSULTING GROUP	20,263
HOUGH, FASSBENDER, OSBORNE AND ASSOCIATES	40,548
LEGISLATIVE DAY	5,607
NSP(W) INTERNAL CHARGES	6,682
XCEL CHARGES	69,071
WISCONSIN UTILITY ASSOCIATION	447
TOTAL 426.4	227,627
INCOME DEDUCTIONS-MISCELLANEOUS-ACCOUNT 426.5	
SERVICE CLUB DUES	30,788
DEFAULTED ECONOMIC DEVELOPMENT LOANS AND/OR GUARANTEES	600,383
XCEL CHARGES	19,526
NSP(W) INTERNAL CHARGES	(597)
TOTAL 426.5	650,100
INTEREST ON DEBT TO ASSOCIATED COMPANY - ACCOUNT 430	
SHORT-TERM LOAN FROM NSP-MN	129,853
SHORT-TERM LOAN FROM XCEL ENERGY SERVICES	32,898
TOTAL 430	162,751
OTHER INTEREST EXPENSE - ACCOUNT 431	
INTEREST ON CUSTOMER DEPOSITS	49,194
MISCELLANEOUS	13,245
TOTAL 431	62,439